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## *Memorandum*

TO: BATA Oversight Committee

DATE: May 7, 2014

FR: Executive Director

W.I. 1254

RE: Contract Amendment – Credit Card Processing Services for the FasTrak<sup>®</sup> Electronic Toll Collection Program: Bank of America Merchant Services (\$1,000,000)

Staff requests that the Committee amend the contract encumbrance with Bank of America Merchant Services for credit card processing services from \$10,000,000 to \$11,000,000 for FY 2013-14 and from \$10,000,000 to \$11,000,000 for each year remaining under the contract through FY 2016-17, subject to the approval of future BATA Toll Bridge Program Operating budgets.

### **Background**

In April 2012, this Committee authorized a five-year master contract with a two-year extension option to Bank of America Merchant Services to process credit card payments and provide banking services for the FasTrak<sup>®</sup> program. The contract, with an encumbrance not to exceed \$10,000,000 per year, allows payments to participating credit card companies, including American Express, Visa/Mastercard and Discover, in addition to Bank of America Merchant Services.

Credit card processing costs increased significantly in the last year as a result of a number of factors. Since the introduction of All Electronic Tolling at the Golden Gate Bridge in March 2013, the number of active FasTrak<sup>®</sup> accounts has increased 29% and the number of credit card transactions has increased 14%. These credit card processing costs are also reimbursed to BATA by partner agencies that use the FasTrak<sup>®</sup> program. They are invoiced based on their usage. The partner agencies include the Golden Gate Bridge district, VTA, ACTC and SFO airport. A recent merchant category change by Visa also resulted in an approximately 10% increase in interchange fees for Visa transactions. Total credit card costs for FY 2012-13 were \$8,400,000. However, credit card costs for the current fiscal year through February 2014 are already at \$6,800,000 million and are projected to exceed \$10,200,000 by the end of the fiscal year. Given the growth in FasTrak<sup>®</sup> accounts and credit card transactions and the change in merchant interchange fee status, staff anticipates the FY 2014-15 level to be approximately \$11,000,000. The actual costs will be itemized among Bank of America Merchant Services and the other participating credit card companies.

**Recommendation**

Staff recommends that the Committee authorize the Executive Director or his designee to amend the contract encumbrance with Bank of America Merchant Services for credit card processing services to add \$1,000,000 in FY 2013-14 and to increase the encumbrance in each of the remaining years of the initial contract term by \$1,000,000 for a total amount not to exceed \$11,000,000 annually through FY 2016-17, subject to the approval of future BATA Toll Bridge Program Operating budgets.



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Steve Heminger

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**REQUEST FOR COMMITTEE APPROVAL**  
**Summary of Proposed Contract Amendment**

Work Item No.: 1254

Consultant: Bank of America Merchant Services, Spokane Washington

Work Project Title: Credit Card Processing Services for Electronic Toll Collection (ETC)

Purpose of Project: To provide banking and credit card processing services

Brief Scope of Work: To provide banking and credit card processing services for the ETC program for the combined FasTrak<sup>®</sup> Regional Customer Service Center operations for the state-owned bridges, the Golden Gate Bridge, Bay Area Express Lanes, and for parking transactions at the San Francisco International Airport garages.

Project Cost Not to Exceed: This amendment – \$1,000,000  
Current contract amount for FY 2013-14 before this amendment – \$10,000,000  
Maximum contract amount for FY 2013-14 after this amendment -- \$11,000,000  
\$11,000,000 annually from FY 2014-15 through FY 2016-17.

Funding Source: BATA Toll Bridge Program Operating Budget

Fiscal Impact: Funds for FY 2013-14 are included in the Toll Bridge Program Operating Budget for FY 2013-14. Funds for future fiscal years are subject to the approval of future BATA budgets.

Motion by Committee: That the Executive Director or his designee is authorized to amend the contract encumbrance for the contract with Bank of America Merchant Services for FY 2013-14, as described above and in the Executive Director's memorandum dated May 7, 2014, and the Chief Financial Officer is directed to set aside funds in the amount of \$1,000,000 for such amendment; and that the Committee further authorizes an annual encumbrance of \$11,000,000 from FY 2014-15 through FY 2016-17 for the contract, subject to the approval of future BATA budgets.

BATA Oversight Chair: \_\_\_\_\_  
Bill Dodd

Approved: Date: May 14, 2014